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**Building The
Wireless Future™**

CTIA

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May 24, 1994

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

Re: Ex Parte Filing
GEN Docket No. 90-314
Personal Communications Services

RECEIVED

MAY 24 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Dear Mr. Caton:

On Tuesday, May 24, 1994, a copy of the attached letter was served on Mr. Donald Gips, Deputy Chief of the Office of Plans and Policy.

Pursuant to Section 1.1206 of the Commission's Rules, an original and one copy of this letter are being filed with your office.

If there are any questions in this regard, please contact the undersigned.

Sincerely,


Robert F. Roche

Attachments

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List ABCDE

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May 24, 1994

Mr. Donald Gips
Deputy Chief, Office of Plans & Policy
Federal Communications Commission
1919 M Street, N.W. - Room 822
Washington, D.C. 20554

RE: Ex Parte Letter
Personal Communications Services - Docket No. 90-314

RECEIVED

MAY 24 1994

Dear Mr. Gips:

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

As part of its Reconsideration of the PCS Report and Order the FCC is considering what should constitute the appropriate ownership attribution in order to determine a cellular operator's eligibility for new spectrum.

The current formulation for determining eligibility for spectrum is a two-step process:

- (1) A "cellular carrier" is any entity (including individual investors) with 20 percent or more ownership. Thus, 20 percent of equity equates to 100 percent ownership attribution, *and*
- (2) Such a "cellular carrier" may not own more than 10 percent of the pops in a market in order to be eligible for MTA-sized licenses.

These tests are unduly restrictive; the effective control of only two percent of the pops in an MTA (20 % x 10 %) could preclude a bid on that entire MTA. What is more, since small companies and small investors tend to own small pieces of licenses (while big companies tend to own bigger amounts) such a rule falls hardest on entrepreneurs.

Consider the following examples. The Mount Vernon-Centralia, IL, BTA (which has a total population of 118,200 and encompasses parts of three cellular RSAs) has five licensees, each of which has over 10 percent of the pops:

Cellular of Indiana
Rural Cellular Management
Ameritech Mobile

First Cellular of Southern Illinois
SWB Mobile



There are eight investors in these five licensees, each of which owns 20 percent or more of the license:

Hilah Douglas	Southern Illinois Cellular
SWB Mobile	GTE/Contel
Illinois Consolidated Telephone	Inland Cellular Telephone
Ameritech Mobile	Pacific National Cellular

Consider the ownership attribution of each of these investors in the Mount Vernon-Centralia, IL, BTA (which, again, has a total of 118,200 pops):

Investor	Ownership	x	No. Pops	=	Attributable Pops in BTA & % of BTA
Hilah Douglas	100 %		51,700		51,700 43.7 %
SWB Mobile	100 %		41,500		41,500 35.1 %
Pac. Nat'l Cellular	100 %		24,400		24,400 20.6 %
Inland Cellular	33.3 %		41,600		13,820 11.7 %
Ameritech Mobile	33.3 %		41,600		13,820 11.7 %
Illinois Consolidated Tel.	33.3 %		41,600		13,820 11.7 %
GTE/Contel	41.1 %		76,700		31,524 26.7 %
Southern Illinois Cellular	54.8 %		76,700		42,032 35.6 %

The financial community utilizes calculations such as the one immediately above to determine asset value of a company. The approach has been used for over a decade to determine attributable ownership. Why, then, does the FCC seek to develop a more complex, two-step procedure?

The effect of the FCC's rule is to limit a small cellular company's ability to participate by putting the pop threshold at an unbearably low 10 percent and, then, establish that 20 percent ownership is the metaphysical equivalent of 100 percent ownership. CTIA has previously submitted a study by Charles River Associates establishing that one entity's ownership of up to 40 percent of all the pops in the market has no negative effect on competition.

In fact, some 1,561 opportunities for such "cellular companies" to fully participate in PCS are restricted by the FCC's 10 percent overlap rule in 487 of the PCS BTAs, even using the financial community's proportionate attribution standard. But over 640 of these opportunities will be opened up by adopting a 40 percent overlap standard.



Companies By Overlap Percentage Baskets

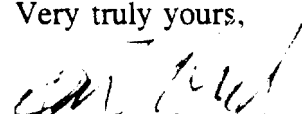
10 - 19.9 %	20 - 24.9 %	25 - 29.9 %	30 - 34.9 %	35 - 40 %	40 % +
299	126	75	74	72	915

Total Opportunities Constrained = 1,561

Total Opportunities between 10 and 40 % = 646

If you have any questions about the foregoing, please contact the undersigned.

Very truly yours,



Thomas E. Wheeler

President/CEO